



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0764 - Revise certain license plate fees (Loge, Denley M)	
Status:	As Amended in House Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	Unknown	Unknown	Unknown	Unknown
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	Unknown	Unknown	Unknown	Unknown
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: As amended, HB 764 allows the Montana Department of Justice (DOJ) and the Montana Department of Transportation (MDT) to collect fees for license plates and registration decals that are commensurate with the costs of acquisition and/or production. Future costs associated with these services and their impact on the fees assessed are unknown; therefore, the full fiscal impact of the bill cannot be accurately quantified.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. Section 1 of HB 764 amends 61-3-321(13)(a)-(b), MCA, by eliminating the flat fees of \$10 and \$15 associated with the issuance of new license plates, instead allowing these fees to be set by DOJ in line with the costs of producing and issuing the license plates.
2. How costs will flow through to the determination of these fee amounts for each year of the FY 2024 – FY 2027 period is unknown as of the writing of this fiscal note.
3. Revenue from the fees provided for in 61-3-321(13), MCA, is split between the vehicle insurance verification and license plate operating account in the state special revenue fund and the general fund. The general fund

receives a fixed \$2 allocation, which is not affected by HB 764; therefore, the fiscal impact to the general fund is \$0. The remaining amount that is deposited in the insurance verification and license plate operating account will be the difference between the \$2 to the general fund and the set level of the fee. Since these fees are now to be commensurate with costs, the future level of these fees is unknown and thus the fiscal impact to the state special revenue fund is unquantifiable.

- 4. Additionally, there is the 3% administrative charge applied to all Title 61, MCA, fees, revenue from which is directed to the motor vehicle division administration account within the state special revenue fund. Revenue from this fee as it relates to the fees charged in 61-3-321(13), MCA, cannot be quantified without knowing the level of the fees to which it is being applied.





Department of Transportation

- 5. HB 764 gives DOJ the ability to adjust certain license plate fees to be commensurate with their costs. There is not enough information to predict what these future charges will be. Without knowing what DOJ will charge and how often they will change this fee, the fiscal impact to MDT cannot be quantified.
- 6. Both the State Motor Pool and MDT’s Equipment Bureau manage vehicle fleets that pay for license plates from DOJ.
- 7. DOJ currently charges MDT \$10 for each plate, and 61-3-722, MCA, allows MDT to collect \$2 for each plate, decal, and cab card issued. It not known how the fee charged by DOJ to MDT may change during the FY 2024 – FY 2027 period given the provisions of HB 764.
- 8. HB 764 allows MDT to collect fees for plates that are commensurate with the costs. This will permit MDT to charge a fee for plates that corresponds with the cost of plate acquisition from DOJ, which will result in MDT being able to recuperate more of the cost of each plate than is currently the case under present law. The fiscal impact of this change, for the same reasons outlined in prior assumptions, cannot be estimated with sufficient precision.
- 9. HB 764 allows MDT to collect fees for decals that are commensurate with the costs.
- 10. DOJ currently charges MDT \$0.11 for each decal. In FY 2022, MDT issued 13,015 decals. Currently, MDT collects \$2 for each decal issued for a total revenue of \$26,060 (13,015 x \$2 = 26,060). However, under HB 764, MDT would have to charge \$0.11 for each decal, resulting in a net loss of \$1.89 per decal issued, or a total revenue loss of \$24,598 each FY from 2025 through 2027 (13,015 x -\$1.89 = -\$24,598).
- 11. Since HB 764 takes effect on January 1, 2024, MDT assumes half of the decals will be sold in the second half of FY 2024 for a total revenue loss of \$12,299 in FY 2024 ((13,015 x -\$1.89) / 2 = -\$12,299).
- 12. With the passage of HB 764, MDT will no longer collect a \$2 fee for each cab card issued since the cost to produce them is minimal.
- 13. In FY 2022, MDT issued 13,793 cab cards for a net revenue of \$27,586 (13,793 x \$2 = \$27,586). MDT will experience a revenue loss of \$27,586 each fiscal year from 2025 through 2027 (13,793 x -\$2 = -\$27,586).
- 14. Since HB 764 takes effect on January 1, 2024, MDT assumes half of the cab cards will be sold in the second half of FY 2024 for a total revenue loss of \$13,793 in FY 2024 ((13,793 x -\$2) / 2 = -\$13,793).
- 15. Budgetary requests would be connected to fees determined by DOJ for the established costs of license plates and decals.

Technical Notes:

Department of Transportation

- 1. HB 764 does not specify how often the fee can change or when it will be changed.
- 2. There is no requirement to publish the fees to determine what the cost would be for each vehicle.

			
Sponsor’s Initials	Date	Budget Director’s Initials	Date